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Completing IRS Form W-4R Frequently Asked Questions

Q: When do I need to file IRS Form W-4R?

A: Complete and return the IRS Form W-4R if you want more than the required federal income tax withheld from your payment.

The Internal Revenue Service (IRS) requires PEERS to withhold 20% federal income tax on any taxable portion of your lump-sum payment (\$200 or greater) not directly rolled over into a qualified retirement plan. If any portion of your payment is an IRS Required Minimum Distribution (RMD) payment, 10% will be withheld unless you elect a different amount on Form W-4R.

The SECURE 2.0 Act of 2022 (SECURE 2.0) was passed by Congress on Dec. 23, 2022, and signed into law by the president on Dec. 29, 2022. The legislation allows for possible favorable tax treatment for individuals determined to have a terminal illness or condition. The legislation considers an illness or condition to be terminal if it is reasonably expected to result in death in 84 months or less. This determination must be made prior to the receipt of the disbursement. The Systems recommend you consult your individual tax advisor if this provision could apply to you.

NOTE: Marginal tax rate tables may change each year. Using the current year form will help ensure your additional withholding request is accurate for your filing status and income. The current IRS Form W-4R can be found on our website, www.psrs-peers.org, and on the IRS website, www.irs.gov.

Q: What if I don't want any additional federal income tax withheld?

A: We will automatically withhold the required 20%, if applicable. If you don't want any additional withholding, no action is required on your part.

Q. What happens if I don't submit an IRS Form W-4R?

A: We will automatically withhold the required 20%, if applicable.

Q. How do I know if I need to have additional federal income tax withheld from my lump-sum payment?

A: That depends on your personal financial situation. We recommend that you speak with your tax professional or the IRS to determine the tax withholding strategy best for you. The instructions included with the IRS Form W-4R also include information that may help you make this determination.

Q. How do I request Missouri income tax withholding from my lump-sum payment?

A: You can request Missouri income tax withholding from your lump-sum payment on your application or rollover certification form.